

Message Text

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C O N F I D E N T I A L SECTION 01 OF 05 BONN 17296

MUNICH PASS AMBASSADOR HILLENBRAND

E.O. 11652: GDS

TAGS: PFOR, GW, GE, WB, US, UK, FR, UR

SUBJECT: FRG CHANCELLERY BRIEFING ON INNER-GERMAN
NEGOTIATIONS

REFS: (A) STATE 249369; (B) BERLIN 6524

SUMMARY: RESPONDING TO AN ALLIED INITIATIVE,
CHANCELLERY OFFICIAL SANNE AND PERMANENT REPRESENTATION
CHIEF GAUS HAVE BRIEFED ALLIES AT AMBASSADORIAL LEVEL ON
THE STATE OF INNER-GERMAN NEGOTIATIONS ON THE ITEMS
CONTAINED IN THE DECEMBER 9, 1974 GDR NOTE TO THE FRG
AND TO THE SENAT. THE PICTURE PRESENTED WAS VERY
GLOOMY: THE TWO SIDES ARE VERY FAR APART ON MOST MAJOR
MATTERS COVERED BY THE TWO NOTES. THE FRG OFFICIALS
EMPHASIZED A RECENT SHARPENING IN GDR TACTICS BUT
CHARACTERIZED THIS AS A TESTING OF THE WEST GERMAN
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POSITION. IT SEEMS TO US THAT BONN HAS A DIFFICULT

TIME AHEAD AND WILL PROBABLY HAVE TO BE MAKING SOME
DIFFICULT POLITICAL DECISIONS VERY SOON. END
SUMMARY.

1. NEWLY-ARRIVED UK AMBASSADOR WRIGHT AND FRENCH
AND US MINISTERS MET OCTOBER 21 IN CHANCELLERY WITH
SANNE AND GAUS UNDER GENERAL CHAIRMANSHIP OF
CHANCELLERY STATE SECRETARY SCHUELER. MEETING HAD BEEN
INSTIGATED BY ALLIES AS PART OF REGULAR CONTACT AT THIS
LEVEL ON INNER-GERMAN AFFAIRS AND BECAUSE OF PAUCITY
OF INFORMATION BEING PASSED ON SUBJECT IN THE BONN
GROUP. SCHUELER OPENED THE MEETING AND TURNED IT
IMMEDIATELY OVER TO SANNE TO BEGIN SUBSTANTIVE
BRIEFING.

2. SANNE BEGAN BY DISCUSSING THE RESULTS OF THE INNER-
GERMAN CONTACTS AT HELSINKI. THE CHANCELLOR HAD NO
INTENTION OF NEGOTIATING AT HELSINKI WITH HONECKER BUT
WISHED TO DRAW A BALANCE. THERE WERE TWO MEETINGS
BETWEEN SCHMIDT AND HONECKER, BOTH TAKING PLACE IN A
FRIENDLY ATMOSPHERE.

3. HONECKER INSISTED THAT THE GDR HAD MET THE VARIOUS
PROVISIONS CONTAINED IN ITS DECEMBER 9, 1974 NOTES TO
BONN AND TO THE SENAT (E.G., REGARDING CURRENCY EXCHANGE
REQUIREMENTS, IMPROVEMENTS IN THE CONDITIONS FOR
VISITS TO THE GDR, AND THE PURCHASE IN WEST BERLIN OF
SLAUGHTER HOUSE EQUIPMENT) BUT THAT THE FRG HAD NOT
DONE WHAT THE EAST GERMANS HAD EXPECTED, FOR EXAMPLE,
NO FRG FIRM HAD OFFERED THE SALE OF A NUCLEAR POWER
PLANT TO THE GDR. HONECKER SAID THE EAST GERMANS WOULD
TALK WITH THE SOVIETS ABOUT THIS AND THEN COME BACK TO
IT WITH BONN. HONECKER STATED THAT THE GDR OFFER OF
ELECTRICAL POWER FOR BERLIN HAD GONE WITHOUT REACTION,
AND SAID THAT THE SILENCE ON THE TELTOW CANAL

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APPARENTLY MEANT THAT THIS LATTER MATTER WAS OF NO INTEREST. SCHMIDT REPLIED THAT HONECKER'S ASSUMPTION REGARDING TELTOW WAS NOT CORRECT AND SAID HE EXPECTED THAT THE SENAT WOULD BE IN A POSITION TO RESPOND TO THE GDR ON THIS MATTER BY SEPTEMBER. HONECKER NOTED THAT TELTOW COULD BE HANDLED IN ACCORDANCE WITH THE GDR NOTE OF DECEMBER 9, 1974 TO THE SENAT (COMMENT: READ IT MUST BE A SENAT-GDR MATTER).

4. REGARDING THE TRANSIT PROJECTS, THE GDR EMPHASIZED AT HELSINKI THAT IT WOULD BE FINANCIALLY DIFFICULT FOR THEM TO UNDERTAKE TOO MUCH. IT WAS, THEREFORE, THE GDR POSITION THAT THEY AND THE FRG MUST CONCENTRATE ON ONLY TWO PROJECTS: (1) RECONSTRUCTION OF THE HELMSTEDT-BERLIN AUTOBAHN; AND (2) THE EXPANSION TO SIX LANES OF THE BERLIN RING. THE MAJOR RAIL PROJECTS WOULD THEREFORE BE SHELVED. HONECKER EMPHASIZED THAT IT COULD NOT BE ASSUMED THAT COSTS IN THE GDR WERE ANY LOWER THAN THOSE IN THE FRG AND THE TWO SIDES MUST THEREFORE PROCEED ON CONFIDENTIAL

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THE BASIS THAT THE COSTS FOR THESE TWO ROAD PROJECTS WOULD BE THE SAME AS IF THEY WERE BEING UNDERTAKEN IN THE FEDERAL REPUBLIC.

5. REGARDING THE DIVISION OF COSTS, SCHMIDT TOLD HONECKER THAT THE GDR PROPOSAL FOR A 70-30 SPLIT WAS NOT ACCEPTABLE AND THAT THE EXPERTS MUST CONTINUE TO DISCUSS THIS.

6. ON THE LUMP SUM PAYMENTS (PROVIDED IN THE QA WITH ACTUAL FIGURE CONTAINED IN ARTICLE 18 OF THE TRANSIT

TRAFFIC AGREEMENT), SCHMIDT LIKEWISE TOLD HONECKER THAT THE GDR PROPOSAL OF DM 585 MILLION YEARLY WAS NOT REALISTIC AND THAT THEIR EXPERTS SHOULD ALSO CONTINUE TO CONSIDER THIS. SANNE SAID THE GDR, NEVERTHELESS, ATTEMPTED AT HELSINKI TO OBTAIN AGREEMENT ON THIS FIGURE, BUT WAS TURNED DOWN.

7. SANNE SAID AT THE OCTOBER 21 BRIEFING THAT THE EAST GERMANS AT HELSINKI HAD SUGGESTED THAT THE MINOR PROJECTS WHICH WOULD IMPROVE RAILROAD CONNECTIONS BETWEEN THE FRG AND WEST BERLIN COULD BE DISCUSSED AT THE INNER-GERMAN RAILROAD SCHEDULING CONFERENCE SET FOR OCTOBER 20-23, 1975. BONN AGREED.

8. MOVING TO THE CURRENT STATE OF AFFAIRS, SANNE AND GAUS COVERED THE FOLLOWING:

--PRESENT ATMOSPHERE OF THE NEGOTIATIONS.
GAUS AND SANNE EMPHASIZED A RECENT SHARPENING AND TOUGHENING OF THE GDR LINE. THEY SAID THE FRG HAS BEEN ASKING ITSELF IF THIS IS A PHASE OF GDR TESTING OF BONN'S POSITION OR IF THIS HAS BROADER SIGNIFICANCE. THE PRESENT CONCLUSION IS THAT THE GDR IS SIMPLY PLAYING POKER AND IS BEING EXTREMELY TOUGH IN ORDER TO MAXIMIZE FRG CONCESSIONS. GAUS REPEATEDLY SAID THERE WAS SOME VERY HARD NEGOTIATING AHEAD AND THAT BONN'S EFFORTS TO PROBE THE GDR POSITION HAD SO FAR BEEN WITHOUT SUCCESS. HE SAID HIS FREQUENT SESSIONS WITH GDR DEPUTY FONMIN NIER, WHICH AMOUNTS TO A POLITICAL CHANNEL IN ADDITION TO THE REGULAR NEGOTIATING SESSIONS WITH THE CONFIDENTIAL

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TECHNICAL GDR MINISTRIES CONCERNED, HAD NOT LED TO ANY POSITIVE RESULTS. NEVERTHELESS, THE CHANCELLOR HAD AGREED THAT THERE WOULD BE NO CHANGE FOR THE TIME BEING IN THE FRG POSITION ON LUMP SUM PAYMENT AND ON THE AUTOBAHN AND RING CONSTRUCTION COSTS.

-LUMP SUM PAYMENT.
TO THE GDR FIGURE OF DM 585 MILLION, BONN HAS MADE A COUNTER PROPOSAL OF DM 400 MILLION. FRG EXPERTS HAVE CALCULATED THIS AMOUNT VERY CAREFULLY AND IT IS FULLY SUPPORTED BY THE COLLECTED DATA. HOWEVER, TO MEET GDR COMPLAINTS THAT THIS AMOUNT WOULD BE INSUFFICIENT TO COVER THE EXPECTED TRAFFIC OVER THE FOUR YEAR LIFE OF THE AGREEMENT, BONN HAS RECOMMENDED THAT A "CORRECTION CLAUSE" BE INCLUDED IN THE AGREEMENT. THIS CLAUSE WOULD PROVIDE THAT IF DM 400 MILLION DOES PROVE TO BE INSUFFICIENT, THE FRG WOULD INCREASE THE AMOUNT OF THE PAYMENTS OVER THE LAST TWO

YEARS OF THE AGREEMENT TO MAKE UP THE SHORTFALL. THERE
WAS, NEVERTHELESS, NO POSITIVE GDR REACTION. GAUS SAID
THERE WERE EVEN IMPLIED THREATS FROM THE GDR, I.E.,
NIER HAD TOLD HIM THAT BONN MUST CONSIDER WHAT
MIGHT HAPPEN IF THERE WERE NO LUMP SUM AGREEMENT
BY THE END OF THE YEAR (WHEN THE PRESENT AGREEMENT ENDS).

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GAUS INDICATED HE WAS NOT CONCERNED BY THIS SINCE IT
WAS DOUBTFUL IF THE SOVIETS WOULD GO ALONG WITH EAST
BERLIN'S MAKING PROBLEMS ON TRANSIT TRAFFIC OVER THE
LUMP SUM. GAUS ADDED THAT, SINCE THE FIRST PAYMENT
UNDER A NEW LUMP SUM AGREEMENT WOULD NOT BE DUE UNTIL
MARCH 1976, IT WOULD BE POSSIBLE TO CONTINUE THE
NEGOTIATIONS EVEN INTO JANUARY AND FEBRUARY OF NEXT
YEAR.

-RECONSTRUCTION OF HELMSTEDT-BERLIN AUTOBAHN AND
EXPANSION OF BERLIN RING TO 6 LANES.

AS INDICATED ABOVE, THESE ARE THE ONLY MAJOR PROJECTS INCLUDED IN THE GDR DECEMBER 9 NOTE ON WHICH THERE ARE ONGOING SUBSTANTIVE NEGOTIATIONS BETWEEN THE FRG AND GDR. THE GDR HAS EMPHATICALLY REJECTED GAUS' SUGGESTION THAT FRG FIRMS BE USED ON THESE PROJECTS. THE NEGOTIATIONS ARE COMPLETELY STALLED BY THE DM 270 MILLION DIFFERENCE IN COST ESTIMATES FOR THE PROJECTS (THE GDR HAS ESTIMATED THE COST AT
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APPROXIMATELY DM 550 MILLION, THE FRG AT APPROXIMATELY 280 MILLION). (COMMENT: THERE WAS SOME GAUS-SANNE ARGUING ON THE ACTUAL FIGURE. SANNE INITIALLY STATED THERE WAS A DIFFERENCE OF DM 170 MILLION--WHICH WOULD BE CLOSER TO THE FIGURES REPORTED BY BERLIN AND USBER -- BUT WAS CORRECTED BY GAUS. AFTER A SHORT EXCHANGE, SANNE INDICATED ACCEPTANCE OF A DM 270 MILLION DIFFERENCE. END COMMENT). GAUS SAID IT WOULD BE VERY DIFFICULT TO MOVE THE GDR FROM ITS FIGURE BUT INDICATED IT WOULD ALSO BE VERY DIFFICULT TO INCREASE BONNS OWN ESTIMATE SINCE IT WAS BASED ON CAREFUL WORK BY FRG EXPERTS. A SERIOUS PROBLEM WAS THAT THE GDR REFUSED TO SUBMIT A COST ANALYSIS NOW SAYING IT WOULD DO SO ONLY AFTER ITS FIGURES HAVE BEEN AGREED BY THE FRG. ANOTHER PROBLEM, SAID SANNE, IS THAT IF THE SUM IS SET TOO HIGH BONN WILL ACTUALLY PAY 100 PER CENT OF THE COSTS OF RECONSTRUCTION INSTEAD OF 65 PER CENT ON THE AUTOBAHN AND 60 PERCENT ON THE RING AS ALREADY AGREED.

-TELTOW

SANNE RAISED THIS ONLY PERFUNCTORILY. HE ASKED THE THREE ALLIES TO DO WHAT WAS NECESSARY TO GET THE SENAT-GDR TALKS IN MOTION.

-NEW WEST BERLIN CROSSING POINTS

SANNE SAID THIS IS THE MOST DIFFICULT POINT FOR THE GDR. FOR THEM IT IS A POLITICAL PRINCIPLE THAT THE FRG COMPETENCE IN THIS AREA IS EXTREMELY LIMITED. HOWEVER, SAID SANNE, IT WOULD BE A GREAT DISAPPOINTMENT IF ONLY THE AUTOBAHN AND RING PROJECTS WERE AGREED. THE SENAT AT LEAST WOULD LIKE TO SEE A HEILIGENSEE CROSSING POINT OPENED SINCE THIS COULD BE CONSIDERED AS THE FIRST STEP IN THE CONSTRUCTION OF A BERLIN-HAMBURG AUTOBAHN.

-HEILIGENSEE HIGHWAY SPUR.

THE GDR HAD SAID AT HELSINKI IT WAS NOT POSSIBLE TO CONSIDER CONSTRUCTION OF THIS NINE KILOMETER STRETCH BECAUSE OF LIMITATION IN CONSTRUCTION CAPACITY IN THE

GDR. SANNE EMPHASIZED THAT THIS IS A IMPORTANT PROBLEM
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FOR THE SENAT, NOT ONLY AS INDICATED ABOVE, BUT ALSO
BECAUSE IT IS A FACTOR IN THE WEST BERLIN PUBLIC
CONSCIOUSNESS. SANNE REQUESTED THAT THE ALLIES AGREE TO
THE SENAT'S RAISING THIS WITH THE GDR WITHIN THE CONTEXT
OF THE SENAT/GDR ARRANGEMENT OF DECEMBER 20, 1971, ON
TRAVEL AND VISITOR TRAFFIC.

-STAAKEN RAIL STATION.

A RAILROAD STATION NOW EXISTS AT STAAKEN FOR
HANDLING FREIGHT. THE FRG AND SENAT WOULD ALSO
LIKE TO SEE A PASSENGER TERMINAL OPENED SINCE IT WOULD
FACILITATE TRAVEL BETWEEN BERLIN AND NORTHERN GERMANY.
THE FRG RAISED THIS ON OCTOBER 10 WITH THE GDR AT THE
FIRST SESSION OF THE RAILROAD SCHEDULING CONFERENCE.
THE GDR REFUSED TO DISCUSS IT.

LICHTENRADE ROAD CROSSING POINT.

SANNE SAID THAT THE HEILIGENSEE PROJECT WAS MUCH MORE
IMPORTANT TO THE SENAT THAN LICHTENRADE. THE SENAT
BELIEVES THAT IT WOULD ONLY BE POSSIBLE TO GET ONE OR
T HE OTHER. NEVERTHELESS, THE SENAT WOULD LIKE TO MAKE
AN ATTEMPT ON LICHTENRADE AND SANNE INDICATED HE WAS
REQUESTING ALLIED APPROVAL FOR SUCH AN ATTEMPT WITHIN
THE CONTEXT OF THE TRAVEL AND VISITOR TRAFFIC ARRANGE-

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MENT.

-RAILROAD PASSENGER STATIONS AND STOPS AT WANNSEE,
CHARLOTTENBURG, AND SPANDAU.
THE GDR TOLD BONN'S NEGOTIATORS AT THE RAILROAD
SCHEDULING CONFERENCE ON OCTOBER 20 THAT, IN ACCORDANCE
WITH THEIR NOTE TO THE SENAT OF DECEMBER 9, 1974, THESE
STATIONS COULD NOT BE DISCUSSED WITH THE FRG. SANNE,
THEREFORE, REQUESTED ALLIED APPROVAL FOR SENAT-GDR
DISCUSSION AIMED AT INCLUSION OF THESE THREE STATIONS
AS STOPS FOR TRAINS IN THE TRANSIT TRAFFIC BETWEEN
WEST BERLIN AND THE FRG. SANNE SAID HE HOPED THESE
NEGOTIATIONS COULD PROCEED SO THAT THEIR RESULTS
COULD BE TAKEN ACCOUNT OF IN THE RAIL SCHEDULES WHICH
WOULD BE AGREED IN NOVEMBER BY THE FRG/GDR RAIL
SCHEDULING CONFERENCE.

9. COMMENT: THE STARKNESS WITH WHICH SANNE AND GAUS
PRESENTED THE BLEAK PICTURE REPORTED ABOVE WOULD SEEM
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TO INDICATE THAT THERE IS A SENSE OF REALISM IN BONN
ABOUT ITS PROSPECTS VIS A VIS THE GDR. AT THE
SAME TIME, WE WERE STRUCK BY SEVERAL INDICATIONS BY
GAUS AND SANNE THAT BONN WOULD LIKE TO ADJUST ITS COST
FIGURES UPWARD BUT WOULD HAVE DIFFICULTIES BECAUSE OF
THE SOUND BASIS IN FACT ON WHICH THEY REST. THIS MEANS
TO US THAT THE FRG WOULD HAVE NO QUALMS ABOUT ACCORDING
MORE POLITICAL THAN ECONOMIC WEIGHT TO ITS FINAL
JUDGMENTS ON THESE NEGOTIATIONS BUT IS CONSTRAINED BY
EMBARASSMENT WHICH COULD BE CAUSED BY LEAKAGE OF
ITS CALCULATIONS.

WE SEE THE PROBLEMS AS FALLING GENERALLY WITHIN FOUR
AREAS: (1) COSTS AND HOW TO JUSTIFY THEM; (2)
REDUCTION IN WHAT THE GDR IS WILLING TO DISCUSS;

(3) THE GDR DESIRE AND FRG ACQUIESCENCE IN AN INCREASED
ROLE FOR THE SENAT; AND (4) THE BROADER IMPLICATIONS
OF LITTLE OR NO PROGRESS.

11. COSTS AND HOW TO JUSTIFY THEM.

THERE IS NOTHING SURPRISING ABOUT THE HIGH GDR
DEMANDS. IN THEIR DECEMBER 1974 NOTE EAST BERLIN
INSISTED THAT NO NEW BURDENS SHOULD FALL ON THEM
BECAUSE OF THE SUGGESTED PROJECTS. IN A SENSE, IT
COULD BE ARGUED THAT EAST BERLIN MADE A CONCESSION WHEN
IT AGREED TO PAY 40 PER CENT OF THE RING AND 35 PER CENT
OF THE AUTOBAHN RECONSTRUCTION. WE HAVE THE IMPRESSION
THAT, WHILE BONN WILL SURELY TRY TO GET THE COST
FIGURES DOWN, IN SPITE OF SERIOUS ECONOMIC PROBLEMS
CAUSED BY THE RECESSION, THE FRG IS PERHAPS REALLY
FOCUSED ON HOW TO JUSTIFY TO THE OPPOSITION AND PUBLIC
WHATEVER FIGURES ARE FINALLY AGREED. POSSIBLE LEAKAGE
OF THE FRG DATA ON BOTH THE LUMP SUM AND
CONSTRUCTION PROJECT MUST SURELY SERVE AS A BRAKE
ON UPWARD ADJUSTMENT OF THESE FIGURES. IT SEEMS TO US
THAT, SINCE THE GDR HAS GENERALLY (AS HONECKER TOLD
SCHMIDT) MET ITS SIDE OF THE BARGAIN AS STATED IN THE DEC.
1974 NOTE, THE BONN GOVERNMENT IS NOT VULNERABLE TO THE
CHARGE OF BUYING THE SAME HORSE TWICE. THE SWING
CREDIT WAS INCREASED, BUT TRAVEL ARRANGEMENTS TO THE
GDR AND OTHER EAST GERMAN ACTIONS CAN BE SAID TO HAVE
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"PAID" FOR THAT. PERHAPS MOST IMPORTANT, IT SHOULD
NOT BE FORGOTTEN THAT IT IS STILL POPULAR IN THE FRG TO
BE SEEN "DOING SOMETHING FOR BERLIN." FOR EXAMPLE,
THE GOVERNMENT HAS JUST COME UNDER CDU ATTACK REGARDING
ITS ANNOUNCED INTENTION SLIGHTLY TO REDUCE THE FEDERAL
SUBSIDIES WHICH ENCOURAGE BERLIN TRAVEL (NOTE: NOT AIR
SUBSIDIES). IT IS THIS KIND OF ATMOSPHERE WHICH
(WE THINK) FOCUSES THE GOVERNMENT'S ATTENTION AS MUCH
ON SALABILITY IN THE FRG OF AN AGREEMENT AS ON THE
ACTUAL ECONOMICS OF THE UNDERTAKINGS INVOLVED.

12. REDUCTION IN WHAT THE GDR IS WILLING TO DISCUSS.
THE DOUBLE-TRACKING OF THE RAILWAY LINES AND
CONSTRUCTION OF A HAMBURG-BERLIN AUTOBAHN ARE ON ICE.
GIVEN THE TERRIFIC COSTS INVOLVED, HOWEVER, WE DO NOT
BELIEVE THERE ARE ANY REAL COMPLAINTS ABOUT THIS IN
BONN (AS POSSIBLY CONTRASTED WITH BERLIN AND NORTH
GERMANY). THE REAL PROBLEM HERE IS THE ABSENSE OF ANY
RAPID MOVEMENT ON LOW-COST, HIGH-VISIBILITY ITEMS WHICH
BONN HAD BEEN HOPING FOR (FOR EXAMPLE, ADMINISTRATIVE
MEASURES TO CUT RAIL TIME BETWEEN THE FRG AND WSB).
THIS, IN TURN, INCREASES THE PRESSURE ON BONN TO REACH

AGREEMENT ON THE ROAD PROJECTS.

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13 INCREASED ROLE FOR THE SENAT.

THIS SHOULD COME AS NO SURPRISE. THE GDR IS STICKING EXACTLY TO THE CONTENTS OF THEIR DECEMBER 1974 NOTES, AS THEY HAVE THROUGHOUT THE NEGOTIATIONS. WHAT IS NEW IS THE APPARENT FRG DECISION TO GIVE IN. WE WILL BE DISCUSSING TRIPARTITELY BONN'S REQUESTS TO THE ALLIES TO ALLOW THE SENAT TO OPEN TALKS WITH THE GDR ON THE CROSSING POINTS AND ON THE RAIL STATIONS. OUR FIRST REACTION IS THAT IT IS AN FRG ATTEMPT TO GET THE SENAT OFF ITS BACK SO BONN CAN PROCEED WITH THE AUTOBAHN AND RING PROJECTS UNHINDERED BY CONSIDERATIONS REGARDING ANY PACKAGE DEAL, (WHICH SENATOR STOBBE HAS BEEN INSISTING ON). IT SEEMS TO US RATHER QUESTIONABLE TO MIX THE PROVISIONS OF THE SENAT-GDR ARRANGEMENT ON TRAVEL AND VISITOR TRAFFIC WITH THE FRG-GDR TRANSIT

TRAFFIC AGREEMENT, EVEN THOUGH BOTH ARE CREATURES OF THE
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14. BROADER IMPLICATIONS OF LITTLE OR NO PROGRESS.
THE QUESTION AMOUNTS TO WHETHER AND TO WHAT EXTENT IT
IS IMPORTANT TO THE SCHMIDT GOVERNMENT TO MAINTAIN
MOTION ON THE INNER-GERMAN FRONT. ON THE ONE HAND,
SANNE TOLD THE ALLIES IT WAS VERY IMPORTANT THAT
NEGOTIATIONS CONTINUE; THE APPEARANCE OF ACTION MUST
BE MAINTAINED. ON THE OTHER HAND, SANNE ALSO SAID THAT
THE CHANCELLOR HAD AGREED THAT THE FRG POSITION ON THE
LUMP SUM AND ON THE AUTOBAHN AND RING PROJECTS WOULD
NOT MOVE -- AT LEAST FOR NOW. OUR PRESENT JUDGMENT IS
THAT EVEN THOUGH THE OSTPOLITIK IS NOT SCHMIDT'S, HIS
GOVERNMENT IS BASICALLY LOCKED IN AND THERE IS A
FUNDAMENTAL NEED TO REACH AGREEMENTS IF THEY ARE
AT ALL SALABLE. BY NEXT YEAR AT THE HEIGHT OF THE
ELECTION SCHMIDT MAY OR MAY NOT HAVE AN "ECONOMY
PROBLEM." HE DOES NOT NOW HAVE A "BERLIN PROBLEM" AND
IT IS THE AREA OF THE TWO WHICH HE HAS MORE CONTROL
OVER. GIVEN THE GDR ATTITUDE ON THE CROSSING POINTS AND
ON WEST BERLIN RAIL STATIONS, AND THE POSSIBILITY THAT
THE THREE ALLIES MAY FIND IT VERY DIFFICULT TO PERMIT
THE SENAT TO DISCUSS THEM WITH EAST BERLIN, IT MAY VERY
WELL BE THAT THE AUTOBAHN AND RING ARE THE ONLY
SIGNIFICANT AREAS WHERE ANY AGREEMENT AT ALL IS POSSIBLE.
IT THUS SEEMS TO US THAT BONN WILL GO RATHER FAR TO
CONCLUDE AGREEMENTS ON THESE TWO PROJECTS. END COMMENT.

15. REGARDING THE REPORT REF (A), AND WITHIN THE
CONTEXT OF THE POLICY GUIDELINES FOR THE GDR, WE WOULD
QUESTION THE ADVISABILITY OF A WASHINGTON VISIT IN THE
NEAR FUTURE BY A HIGH-LEVEL GDR OFFICIAL. GIVEN CURRENT
INNER-GERMAN PROBLEMS, WE BELIEVE THAT THE FRG WOULD
FIND SUCH A VISIT UNHELPFUL. THEY WOULD ASSUME THAT
THIS ADDITIONAL PRESTIGE GAINED BY THE GDR WOULD
TOUGHEN EAST GERMAN NEGOTIATING POSITIONS EVEN FURTHER.
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